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NATIONAL ENERGY BOARD REASONS FOR DECISION

In the Matter of the Applications under Part III of
the National Energy Board Act
of

**TransCanada PipeLines Limited and
Q & M Pipe Lines Ltd.**

and In the Matter of an Application under Section 60 of
the National Energy Board Act
of

TransCanada PipeLines Limited

February 1980

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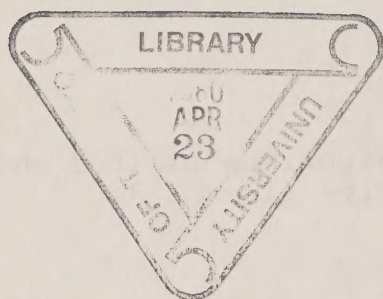
And In the Matter of the Application Under Section 60 of
the National Energy Board Act

of

TransCanada PipeLines Limited

February 1980

Ce rapport est publié
séparément dans les deux
langues officielles



IN THE MATTER OF the National Energy Board Act
and the Regulations made thereunder;

AND IN THE MATTER OF applications made by Alberta and
Southern Gas Co. Ltd., Canadian-Montana Pipe Line
Company, Columbia Gas Development of Canada Ltd.,
ICG Transmission Limited, Niagara Gas Transmission
Limited, ProGas Limited, Sulpetro Limited, and
Westcoast Transmission Company Limited for licences
under Part VI of the National Energy Board Act for
the export of natural gas to the United States of
America;

AND IN THE MATTER OF a joint application made by
Pan-Alberta Gas Ltd., TransCanada PipeLines Limited,
and Consolidated Natural Gas Limited, for licences
under Part VI of the National Energy Board Act for the
export of natural gas to the United States of America;

AND IN THE MATTER OF applications by Q & M Pipe Lines
Ltd., TransCanada PipeLines Limited, and ICG
Transmission Limited for certificates of public
convenience and necessity under Part III of the National
Energy Board Act;

AND IN THE MATTER OF an application under section 60
of the National Energy Board Act by TransCanada
PipeLines Limited;

CERTIFICATE PHASE

Heard at Ottawa, Ontario on 25, 26, 27, and 28 September 1979; 1, 2, 3, 4,
5, 9, 10, 11, 12, 15, 16, 17, 18, 19, 22, 23, 24, 25, 26, 29, 30, and 31
October 1979; 5 November 1979; 3, 4, 5, 6, 7, 10, 11, 12, 13, 14, 17, 18,
and 19 December 1979; Quebec City, Quebec on 7, 8, 9, and 10 January 1980;
Halifax, Nova Scotia on 14, 15, and 16 January 1980; Fredericton, New
Brunswick on 17 January 1980; Ottawa, Ontario on 22, 23, 24, 28, 29, and
30 January 1980.

BEFORE:

J.G. Stabback
J. Farmer
J.R. Jenkins

Presiding Member
Member
Member

APPEARANCES:


J. Hopwood	Q & M Pipe Lines Ltd.
R. LeMoyne	
F. Foran	
R. Reaburn	
C. Campbell	TransCanada PipeLines Limited
A. Janin	
T. Dalglish	
S. Trachimovsky	
F. Ellins	Canadian Gas Association
D.B. MacNamara	Canadian Petroleum Association
C.K. Yates	Independent Petroleum
F. Saville	Association
B.A. Carroll	Industrial Gas Users Association
A.W. Birnie	
J.F. Ellis	Propane Gas Association of
L.G. Doiron	Canada
J.R. Smith	Amoco Canada Petroleum
K.F. Keeler	Company Ltd.
M. Leblanc	BP Canada Inc.
P. McClusky	
A.P. Peacock	Canadian Superior Oil Ltd.
J.F. Scott	Dome Petroleum Limited
G.A. Connell	Gulf Canada Limited and
J.D. Anderson	Gulf Canada Resources Inc.
C.R. Ayers	Hudson's Bay Oil and Gas
R.M. Perrin	Limited
I. Campbell	Imperial Oil Limited
J. McWilliams	Mobil Oil Canada, Ltd.
D.W. MacFarlane	
J.J. Marshall	Norcen Energy Resources Limited
R.P.J. Gaetz	
R.H. Mackie	PanCanadian Petroleum Limited

R.W. McCaskill	Petro-Canada
P. Walker	Shell Canada Resources Limited
W. Muscoby	Texaco Canada Inc.
J.R. Smith	Alberta & Southern Gas Co. Ltd.
J. Hopwood	Alberta Gas Trunk Line Company Limited
C.D. Nichols	Consolidated Natural Gas Limited
H.A. Fergusson	Dow Chemical of Canada, Limited
J.M. Fortier	Gas Intercité Québec
Y. Brisson	
G. Barbeau	
M. Peterson	Gaz Métropolitain, inc.
J.D. Brett	Intercity Gas Limited and ICG
H. Smith	Scotia Gas Limited
W. Lea	Maritime Electric Company Limited
H. Soloway	Midwestern Gas Transmission Company
W.T. Houston	
J.H. Farrell	Niagara Gas Transmission Limited
P.F. Scully	Northern and Central Gas Corporation Limited
A.W. Cox	Nova Scotia Power Corporation
S.R. Rickett	Pacific Interstate Transmission Company
J. Hopwood	Pan-Alberta Gas Ltd.
S. Trueman	
J.H. Farrell	The Consumers' Gas Company
D.E. Wires	Ultramar Canada Limited
A. Butler	Union Gas Limited
D. Jones	Wood Energy Consultants Limited

R. Ouellet	Association des agents de développement économique de l'Est du Québec
R. Patry	
J. Michaud	
A. Joncas	
P. Boucher	
N. Bégin	Association des commissaires industriels du Québec
F. Lavoie	Conseil de développement de la Haute-Mauricie
B. Crête	Conseil Economique Lévis-Lauzon Inc.
P. Jobin	Conseil régional de développement de l'Est du Québec
H.-P. Boudreau	Corporation de Promotion Industrielle de Sept-Iles Inc.
P. Bates	Strait of Canso Industrial Development Authority
B. Duval	Union des Producteurs Agricoles du Québec
F. Côté	
D.C. MacCharles	University of New Brunswick
N.D. Shende	Attorney-General for Manitoba
D. Bogdasavich	Department of Mineral Resources of the Government of Saskatchewan
M. S. Geller	
R.F. Smith	
W.F. Denny	Government of New Brunswick
I. Gray	Government of Newfoundland and Labrador
D.H. Rogers	Minister of Energy for Ontario
W. Richardson	
P. Chartrand	Procureur général du Québec
C. Dumas	
J. Brisset-De-Nos	
G. Evans	Province of Nova Scotia
M. Veniot	
A. Biguë	National Energy Board
S.K. Fraser	

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CHAPTER 1

INTRODUCTION

The National Energy Board ("the Board"), in its Order No. GH-4-79, issued on 7 May 1979, provided for a two-phase public hearing on applications for licences to export natural gas ("Licence Phase") and on applications for certificates of public convenience and necessity to construct and operate pipeline facilities ("Certificate Phase").

The Licence Phase of the hearing was held in July and August 1979, and the Board's report, dated November 1979, was released on 6 December 1979.

The Certificate Phase of the hearing began in Ottawa on 25 September 1979 and, following sessions in Quebec City, Halifax and Fredericton, concluded in Ottawa on 30 January 1980.

By a motion dated 24 January 1980, TransCanada PipeLines Limited ("TransCanada"), one of the two Applicants in the Certificate Phase, applied to the Board for an order pursuant to Section 60 of the National Energy Board Act ("the Act"), directing TransCanada to extend its pipeline facilities in the Province of Quebec.

The purpose of this interim report is twofold:

- (1) to set forth the Board decision on TransCanada's motion under Section 60 of the Act; and
- (2) to issue, under Section 44 of the Act, an interim decision on those facilities from St-Lazare to Boisbriand in the Province of Quebec, including those associated with the crossing of the Lake of Two Mountains, for reasons which are more fully explained later in this report.

The Board intends to issue at a later date its full reasons for decision and its decision in the matter of the two applications which were before it in the Certificate Phase of the hearing.

CHAPTER 2
APPLICATIONS

In the Certificate Phase of the hearing, the Board considered the applications of TransCanada and Q & M Pipe Lines Ltd. ("Q & M") for certificates of public convenience and necessity under Part III of the Act to construct and operate natural gas pipeline facilities from St-Lazare, near Montreal in the Province of Quebec, through Quebec into the Provinces of New Brunswick and Nova Scotia.

The two applications, as before the Board at the beginning of the hearing, were competitive in that each sought a certificate for facilities from Montreal to Halifax; however, on 5 November 1979 TransCanada and Q & M announced that they intended to merge their interests and were granted leave to amend their respective applications to make them complementary.

In the amended applications, TransCanada sought a certificate for facilities from St-Lazare to Levis/Lauzon, and Q & M sought a certificate for facilities from Levis/Lauzon eastward through Quebec and New Brunswick to Nova Scotia.

TransCanada

TransCanada operates a large-diameter pipeline system, extending from the Province of Alberta through the Provinces of Saskatchewan, Manitoba and Ontario to the Province of Quebec, with connections at the international boundary near Emerson, Manitoba; Sault Ste. Marie, Sarnia and Niagara Falls, Ontario; and Philipsburg, Quebec.

Under its amended application, TransCanada applied to the Board for a certificate of public convenience and necessity under Part III of the Act to construct and operate pipeline facilities in the Province of Quebec from St-Lazare to Levis/Lauzon, including laterals to Thurso, the Eastern Townships, Beauce and the Lac-St-Jean region.

The proposed TransCanada pipeline in Quebec would consist of 1 675.5 km of mainline and laterals. The total cost in 1979 dollars of the proposed TransCanada facilities in Quebec would be approximately

\$383.5 million for the export case and some \$350.8 million for the non-export case. (Q & M proposed exporting natural gas to the Northeastern United States through a lateral to St. Stephen, New Brunswick. Such exports, if approved, would require TransCanada to install additional facilities in Quebec to transmit the higher volumes of gas.)

Q & M

Q & M is a company incorporated under the provisions of the Canada Business Corporations Act. All of Q & M's shares are presently held by The Alberta Gas Trunk Line Company Limited.

Under its amended application, Q & M applied to the Board for a certificate of public convenience and necessity under Part III of the Act to construct and operate pipeline facilities in the Province of Quebec east of Levis/Lauzon and in the Provinces of New Brunswick and Nova Scotia.

The proposed Q & M pipeline would comprise 1 828.7 km of mainline and laterals for the export case and 1 743.4 km for the non-export case, involving a total cost in 1979 dollars of about \$425.1 million and \$337.2 million respectively.

Q & M's proposal assumed the export of some $2.57 \times 10^9 \text{ m}^3$ * per year of natural gas to the Northeastern United States through a lateral to St. Stephen, New Brunswick. The Applicants indicated that the export case was their prime case. No application was made for a licence under Part VI of the Act to export gas through the Q & M facilities, but Q & M indicated to the Board that a certificate conditional upon the obtaining of a licence to export gas would be acceptable to it.

* 2.57 billion cubic metres

CHAPTER 3

TRANSCANADA MOTION DATED 24 JANUARY 1980

By its motion dated 24 January 1980, TransCanada applied to the Board for an order pursuant to Section 60 of the Act directing it to extend its pipeline facilities from St-Lazare in the Province of Quebec either to Trois-Rivières or to Boisbriand (see Map on page 9). This motion was made without prejudice to the applications filed by TransCanada and Q & M for certificates of public convenience and necessity. TransCanada asked the Board to issue such an order by 31 January 1980.

TransCanada noted in its application that its proposed 1980 construction schedule required it to cross the Lake of Two Mountains at the western end of its proposed facilities. It was TransCanada's position that this crossing could only be made during the summer months, and that any delay in the construction of these facilities would result in a postponement by one year of any deliveries of gas that might otherwise be made as a result of the Board's full reasons for decision on the two applications before it.

The Board heard argument on this motion on 28 January 1980 and reserved its decision.

Generally, most parties who spoke to the motion of TransCanada indicated support in principle for the extension of facilities to Boisbriand or Trois-Rivières in order to extend natural gas service as soon as possible into the Province of Quebec in view of the problems of security of oil supply. There were, however, some reservations as to whether an application under Section 60 of the Act was the proper means by which to achieve this end. As well, most parties supported a designing of facilities under the non-export case of TransCanada.

Views of the Board

The Board has considered all arguments made on this motion and finds that in the particular circumstances of this case, it would be inappropriate for the Board to exercise the powers granted to it under Section 60 of the Act. Section 60 was intended to provide the Board with the means to direct an unwilling seller or an unwilling pipeline company

to provide service to an area desiring service. It was not intended to be used by a willing pipeline company, e.g., an Applicant for a certificate, as a means of attempting to shorten a regulatory procedure. The Board, therefore, dismisses TransCanada's application for an order under Section 60.

Nevertheless, in view of the particular time constraints involved in this project as well as in the issuance of full reasons for decision on the two applications before it, the Board is prepared under Section 44, to issue an interim decision on those facilities associated with the crossing of the Lake of Two Mountains, so that the entire project may not be delayed one year.

Accordingly, the balance of this report sets out factors the Board has considered in reaching its decision on the extension of TransCanada's facilities from St-Lazare to Boisbriand.

CHAPTER 4

SUPPLY

Evidence

TransCanada stated that it had sufficient gas to supply its forecast Quebec market, at least until 1992-93, based on current projections.

Views of the Board

The supply evidence provided by TransCanada was essentially unchanged from that provided by the company during the Licence Phase of the hearing. In the Licence Phase Report, the Board set aside, for the protection of expanded markets in eastern Canada, a gas supply of 126 PJ* in 1985, increasing to 269 PJ in 2000.

Since the Board had allocated these volumes to the TransCanada supply fields, it is satisfied that TransCanada has sufficient capability to meet the market requirements of the Boisbriand area.

* 1 PJ (petajoule) = 10^{15} joules

CHAPTER 5

MARKETS

The pipeline extension to Boisbriand would service markets within the existing franchise area of Gaz Métropolitain. Included in this area would be the urban communities of Ste-Thérèse, Blainville, and St-Janvier.

TransCanada provided a forecast of natural gas requirements for the markets to be served by the Boisbriand lateral, based on certain pricing assumptions and incentives.

In the new residential and small commercial markets, TransCanada assumed that gas would be priced 20 to 25 percent below electricity on an energy-equivalent basis, while in the existing market area, it was assumed that gas would compete equally with fuel oil. In the large commercial and industrial sectors, TransCanada assumed that gas prices would be equal to those of competing fuel oil.

In the existing residential and small commercial sectors the Applicant considered only the replacement market as having potential for conversion and assumed that the cost of furnace replacement would be borne by the customer. For the large commercial and industrial customers, however, TransCanada assumed that 100 percent of the conversion cost would be paid by others on behalf of such customers.

Based on the above assumptions, TransCanada forecast that natural gas requirements in the markets to be served by the Boisbriand lateral would grow from an initial level of 18.0 PJ at the end of 1981, to 82.5 PJ by 1990, and to 121.9 PJ by year 2000. These volumes were forecast to represent approximately 39 percent of the total natural gas requirements of Montreal and environs in 1990 and thereafter.

Gaz Métropolitain, the current franchise-holder for the region proposed to be served by the Boisbriand lateral, did not present a forecast for this area specifically. Gaz Métropolitain's forecast of gas requirements of 169 PJ for the total Montreal and environs market area in 1990 was nearly 21 percent lower than the 213 PJ forecast by TransCanada for the same area in the same year.

Views of the Board

It is apparent to the Board that there is a significant potential market for natural gas in this region, provided proper incentives are in place.

CHAPTER 6
ENGINEERING DESIGN

Route

The proposed pipeline (See Figure on page 9) would begin at the existing TransCanada system near St-Lazare and run northeast to cross the Lake of Two Mountains at Oka Bay. It would pass west of the Oka Hills to meet the right-of-way of Interprovincial Pipe Line Ltd. near St-Augustin and would parallel this oil pipeline to the south side of Mirabel Airport. From there a lateral line would run southeast for about 14 km to Boisbriand. The total length would be 53.9 km.

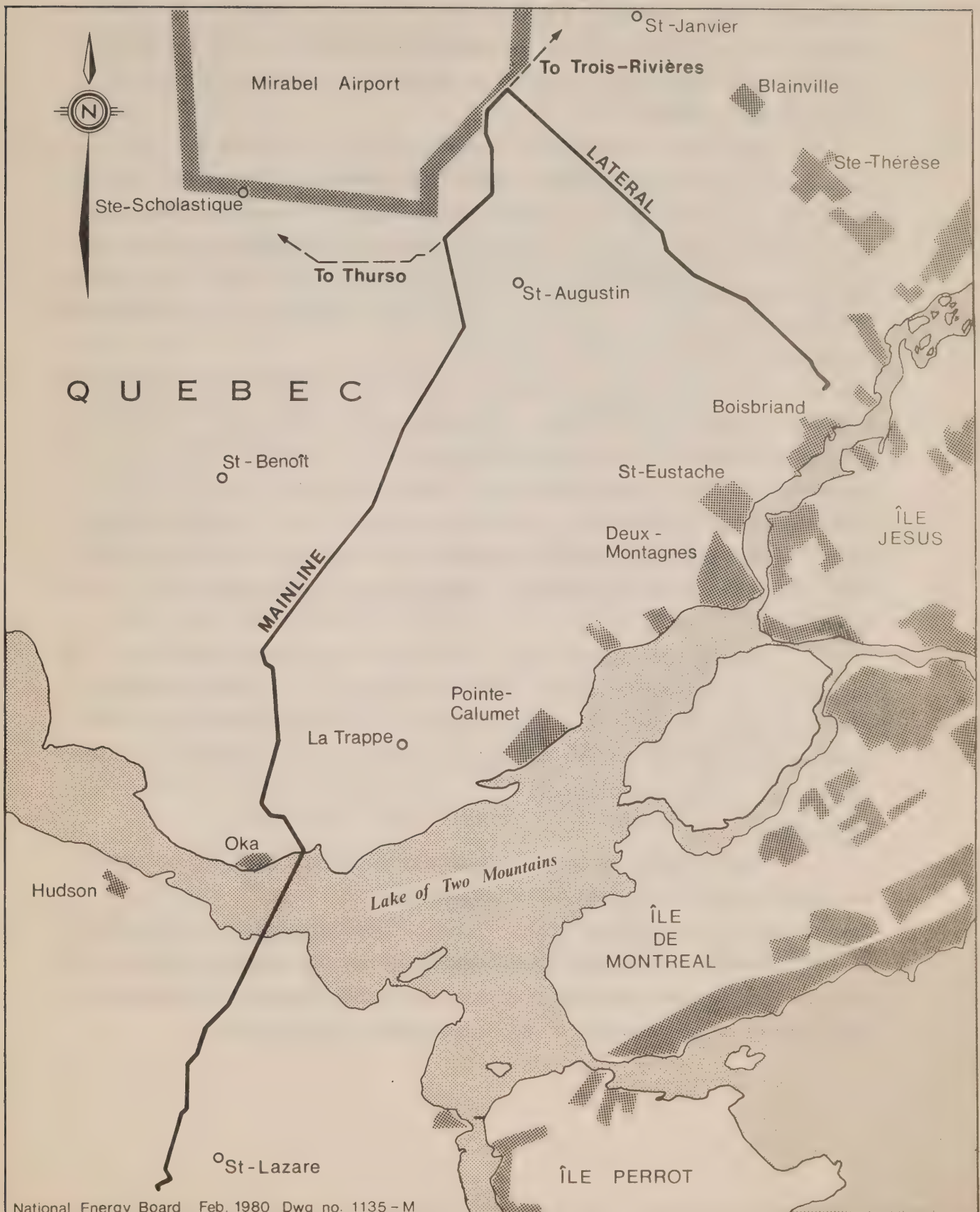
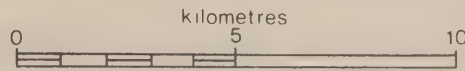
Right-of-Way

TransCanada stated that it would secure a right-of-way 22.86 metres wide for the mainline by means of servitude. It further stated that in wooded areas the width of the mainline right-of-way would generally be restricted to 19.81 metres; laterals would be constructed in rights-of-way of 12.19 metres. Temporary rights-of-way would also be required for stockpiles and work areas.

TransCanada testified that approximately 98 percent of the landowners between St-Lazare and Quebec City had been contacted prior to the hearing. Before negotiating a servitude or acquiring any property TransCanada would provide the landowner with the following information: a map and a description locating the right-of-way, an offer for the land affected, and a copy of its standard agreement between the parties.

TransCanada stated that it would give advance notice of construction scheduling to all landowners, tenants, and occupants along the pipeline route. The Applicant indicated that right-of-way personnel would be available at all times to assist landowners and to make any special arrangements for such requirements as access, temporary work permits, fencing, and drains. TransCanada stated that it would maintain contact with all owners and tenants along its system and would be available to discuss any problems relating to the pipeline and use of the right-of-way.

TRANSCANADA PIPELINES ROUTE MAP ST-LAZARE TO BOISBRIAND



Environmental Aspects

TransCanada adopted a consultant's environmental impact assessment, which provided a description of the environment along the proposed route, identified the environmental impacts of the proposed pipeline, and recommended measures to mitigate or minimize adverse environmental impacts.

The major environmental concern of the assessment is the protection of the agricultural lands. The procedures for preserving and restoring the productivity of agricultural lands are specified in TransCanada's Environmental Protection Practices Handbook, 1979 and in the Pipeline Construction Specifications, which were filed as exhibits at the hearing. All construction on agricultural lands would be overseen by the Company's environmental inspectors.

To ensure that the pipeline construction would be in accordance with TransCanada's environmental procedures, the Company would employ trained environmental inspectors who would be on the site during construction. The Company would also have pre-job meetings with the inspectors, the contractors, and their supervisors and foremen, where environmental concerns would be outlined. All contract documents would make reference to the necessity of complying with environmental requirements.

TransCanada stated that it accepted the recommendations of its consultant in the environmental report and should any incompatibility with the report arise during construction, further environmental impact studies would be carried out and appropriate mitigative measures would be identified and put into effect.

Facilities

TransCanada presented evidence related to facilities required to supply markets proposed to be supplied by it in Quebec and by Q & M downstream of the proposed point of interconnection of the two pipelines at Levis-Lauzon. Two cases were presented, one for Canadian markets only and one for Canadian markets plus exports at St. Stephen, New Brunswick, which would be the subject of a future export application.

The proposed facilities for the non-export case between St-Lazare and Boisbriand and an estimate of their capital cost are summarized as follows:

<u>Mainline Pipeline (excluding river crossing)</u>	<u>1979 dollars</u>
36.5 km, 762 mm O.D. wall-thickness 7.52 mm Grade 448, maximum operating pressure 7050.8 kPa (gauge)	\$12,573,313
<u>Lake of Two Mountains River Crossing</u>	
3.4 km; dual crossing 6.8 km total 762 mm O.D., wall-thickness 12.01 mm Grade 448	\$ 9,236,000
<u>Boisbriand Lateral</u>	
14.0 km, 508 mm O.D. wall-thickness 5.44 Grade 414	\$ 2,691,006
<u>Meter Stations</u>	
St-Lazare	\$ 907,000
Boisbriand	\$ 302,000
Total Direct Cost of Facilities	\$25,709,319
Indirect Cost*	<u>\$ 3,046,554**</u>
Total Cost in \$1979	<u>\$28,755,873</u>
Total Cost in \$1980	\$32,149,066**
Interest During Construction	<u>\$ 1,848,571**</u>
Total Segment Cost (\$1980)	\$33,997,637

* Excludes overhead management and pre-permit costs.

** Utilizing percentage values employed by TransCanada, these costs were calculated by the Board.

Across the Lake of Two Mountains, TransCanada proposes to construct a dual pipeline to ensure security of service. The water portion of the crossing would be 3.1 km long, requiring 3.4 km of pipe. The pipe would be protected by a 139.7 mm continuous concrete coating which would provide a net negative buoyancy. A cover of 4 metres of sediment would be placed over this pipe to protect it from bottom scour.

The pipeline would be installed using the "bottom-pull" method and the pipe would be tested hydrostatically before and after the section was laid. Construction of the Lake of Two Mountains crossing is scheduled between May and September, 1980.

Views of the Board

The Board is satisfied with TransCanada's route selection, right-of-way procedures, and the engineering design and construction methods of the proposed pipeline under the non-export case. For reasons that will be explained in more detail in the full reasons for decision in the matter of the two applications under Part III of the Act, the Board does not approve the construction of a receipt meter station at St-Lazare at this time. Moreover, as will also be explained more fully in the same document, the Board does not believe that the evidence before it at this time justifies designing pipeline facilities for TransCanada's export case.

With respect to environmental matters, the Board concludes that the environmental impact of the proposed pipeline will be minimal, if the policies, practices and procedures contained in the reports and recommendations of the environmental consultants and as addressed in evidence before the Board, are implemented. The Board notes the undertaking of TransCanada to implement these environmental policies, practices and procedures and the Board accepts this undertaking.

CHAPTER 7
FINANCIAL AND OTHER MATTERS

Financing

TransCanada stated that, as of December 1979, it had lines of credit with four banks far in excess of the capital costs of these facilities.

Canadian Content

TransCanada estimated that the level of Canadian content on its proposed pipeline in the Province of Quebec would be 93 percent.

Energy Self-Reliance

A witness for the Province of Quebec stated that the Province is highly dependent upon uncertain foreign oil supplies and, consequently, would like to increase the use of natural gas in the Quebec market as soon as possible.

TransCanada stated that it and all those associated with receiving gas in the Province of Quebec want to do everything possible to get additional gas service in the Province of Quebec during 1980.

Views of the Board

The Board believes that these facilities can be financed and is satisfied with the level of Canadian content forecast by TransCanada.

With respect to energy self-reliance, the Board believes the extension of the existing gas transmission system from St-Lazare to the Boisbriand Junction, including the proposed lateral, would contribute to Canada's energy self-sufficiency by reducing the consumption of oil. The Boisbriand region is currently served with domestic crude oil supply as well as imported crude supply. The fact that natural gas, a relatively abundant energy source, would displace supplies of Canadian crude can only be viewed as beneficial. Moreover, the displacement of foreign-origin supplies of crude contributes to Canadian energy self-reliance and the balance-of-payments.

CHAPTER 8
INTERVENORS

With respect to the Certificate Phase of the hearing, the Board received numerous interventions from associations, producing companies, other companies, other groups, and provincial governments.

Many of these intervenors provided an expression of their views and concerns through the interventions themselves, through cross-examination of other parties, through witnesses who gave evidence, and in final argument. To accommodate intervenors and to enable them to more participate actively in the hearing process, the Board held sessions in Quebec City, Halifax, and Fredericton, as well as in Ottawa.

The views of all intervenors on the two applications before the Board for certificates of public convenience and necessity will be summarized in the full reasons for decision to follow.

In issuing an interim decision under Section 44 of the Act, on those facilities from St-Lazare to Boisbriand, including those associated with the crossing of the Lake of Two Mountains, the Board has taken into consideration the views and concerns expressed by all intervenors with respect to those facilities.

CHAPTER 9

DECISION

In Chapter 3 of this report, the Board has dismissed the application of TransCanada for an order under Section 60 of the Act directing TransCanada to extend its facilities in the Province of Quebec. The Board held that it would be inappropriate to exercise the power granted to it under that section in the circumstances of this case. However, as indicated, the Board is prepared, under Section 44, to issue an expedited interim decision on the facilities between St-Lazare and Boisbriand, including those associated with the crossing of the Lake of Two Mountains, which TransCanada indicated must be constructed in the summer months of 1980; otherwise new gas service would likely be delayed one year. In opting to consider the extension of facilities to Boisbriand rather than to Trois-Rivières, the Board took into account that the Boisbriand area was within the existing Gaz Métropolitain franchise area. No franchise has yet been awarded for the area between Boisbriand and Trois-Rivières. A contested hearing on this matter commenced before the Quebec Electricity and Gas Board on 22 January 1980, and it may be some months before a decision is issued. Moreover, although TransCanada has indicated that the facilities associated with the crossing of the Lake of Two Mountains must be carried out in the summer months, no such timing constraints apply to the Boisbriand to Trois-Rivières section of the line.

Although the line to Boisbriand is a relatively small portion of the overall project, the forecast natural gas requirements in the markets to be served by the Boisbriand lateral, all of which are within the existing franchise area of Gaz Métropolitain, represent approximately 39 percent of the forecast natural gas requirements of Montreal and environs in 1990. In the circumstances, it seemed to the Board that it should consider, on an expedited basis, whether this small portion of the project is and will be required by the present and future public convenience and necessity.

The question of the filing of sales contracts was raised during the hearing. With respect to those facilities now under consideration, TransCanada did state that it was prepared to file, on or before 29 February 1980, unless upon application by TransCanada a later date is fixed by the Board, copies of contracts for the sale of natural gas to be entered into between the company and the appropriate distributor. The Board does expect TransCanada to file its sales contract as soon as possible and a condition has been included in the Certificate for filing of such contracts upon execution thereof.

In the Certificate Phase of the hearing, the Board had before it export and non-export alternatives for the applications filed by TransCanada and Q & M. The Applicants stated that the export case was their prime case. As indicated in Chapter 6 of this report, the Board is not prepared, in light of the evidence before it at this time, to issue to TransCanada a certificate of public convenience and necessity for the facilities designed to accommodate the export alternative proposed by TransCanada and Q & M.

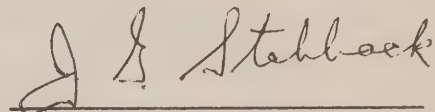
With respect to the proposed facilities from St-Lazare to Boisbriand, the Board finds that TransCanada has an adequate supply of gas. TransCanada's estimate of the market which might be attached, while slightly higher than the estimates of Gaz Métropolitain, does not appear unreasonable. The attainment of the level of market penetration forecast by TransCanada is dependent upon various pricing and other incentives being in place.

The Board is satisfied with the routing and engineering design of this project for the non-export case proposed by TransCanada. As noted before, the Board does not approve the construction of a receipt meter station at St-Lazare at this time. Furthermore, the Board holds the opinion that right-of-way and environmental concerns can be satisfactorily resolved by the policies and mitigative measures proposed by TransCanada. If necessary, the Board will conduct further hearings dealing with specific landowner concerns on right-of-way and environmental matters prior to the approval of plans, profiles and books of reference, as indicated in paragraph 6 of Order No. PO-1-GH-4-79, dated 7 May 1979.

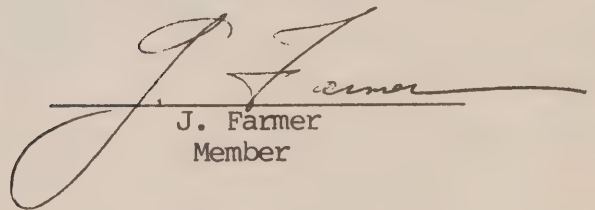
The Board believes that TransCanada will be able to finance the proposed project and that the levels of Canadian content on regional and national levels will be satisfactory.

The Board, having considered all the evidence and argument presented to it with respect to the application of TransCanada for the extension of its facilities and having taken into account all such matters as appear to it to be relevant, is satisfied that the pipeline facilities applied for by TransCanada from St-Lazare to Boisbriand, excluding the St-Lazare receipt meter station, under its non-export case, are and will be required by the present and future public convenience and necessity.

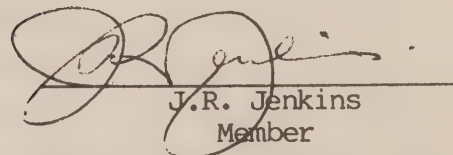
Accordingly, the Board is prepared, subject to the approval of the Governor-in-Council, to issue a certificate of public convenience and necessity to TransCanada in respect of the proposed pipeline facilities upon the terms and conditions set out in Appendix 1.



J.G. Stabback,
Presiding Member



J. Farmer
Member



J.R. Jenkins
Member

TERMS AND CONDITIONS OF THE CERTIFICATE

1. The additional pipeline to be constructed pursuant to this certificate shall be the property of and shall be operated by TransCanada.
2. (1) TransCanada shall cause the additional pipeline, in respect of which this certificate is issued, to be designed, manufactured, located, constructed and installed in accordance with those specifications, drawings and other information or data set forth in the application, as amended, or as ordered, directed, or approved by the Board, unless varied in accordance with subcondition (2) hereof, and those that are otherwise filed with the Board.
(2) TransCanada shall cause no variation in the specifications, drawings, and other design data and requirements described in subcondition (1) hereof to be made without prior approval of the Board.
3. TransCanada shall submit to the Board for approval, prior to the commencement of construction, the final design of the pipeline together with the specifications for the line pipe and components and specific procedures for hydrostatic testing.
4. TransCanada shall submit to the Board for approval, prior to commencement of construction, site-specific studies, detailed construction procedures and detailed drawings of the Lake of Two Mountains crossing.
5. TransCanada shall file with the Board, concurrent with the filings of plans, profiles and books of reference, a listing of all properties where it is anticipated that expropriation procedures are required.
6. TransCanada shall, unless otherwise authorized or ordered by the Board, implement or cause to be implemented all the policies, practices and procedures for the protection of farmlands and the environment which are included in the reports and recommendations of TransCanada's environmental consultants as adduced in evidence before

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the Board and shall cause no changes to be made to the said policies, practices and procedures without the prior approval of the Board.

7. TransCanada shall cause the testing of the additional pipeline to be carried out in conformity with the Board's requirements.
8. TransCanada shall, within six months of leave to open being granted, unless upon application by TransCanada a later day is fixed by the Board, submit a report to the Board describing the results of the implementation of the policies, practices and procedures referred to in Condition 6 above, which report shall include:
 - (i) the nature and extent of any deviations from, and
 - (ii) an assessment of the effectiveness of the said policies, practices and procedures.
9. TransCanada shall, both during and after the construction period, monitor the effects of the construction of the additional pipeline upon farmlands and the environment and shall submit reports to the Board describing such effects; these reports shall be filed:
 - (i) within one year of the date of granting leave to open, and
 - (ii) on 1 November following the second complete agricultural growing season after the granting of leave to open.

These reports shall include the results of the monitoring programs and the actions taken or which will be taken to prevent or mitigate any long-term effects of construction.

10. TransCanada shall, as soon as possible after the execution thereof, file with the Board a copy of the contract or contracts for the sale of natural gas in the area to be served by the additional pipeline facilities.
11. TransCanada shall cause the construction and installation of the additional pipeline to be completed on or before 1 November 1980, unless, upon application by TransCanada, a later date is fixed by the Board.

